

Message Text

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ORIGIN NEA-12

INFO OCT-01 ADP-00 ABF-01 TRSE-00 AID-20 EB-11 L-03 IGA-02

AGR-20 OMB-01 /071 R

DRAFTED BY NEA/INS:DWBORN:AM

8/15/73 X20701

APPROVED BY NEA:LBLAINGEN

M/FRM/FM:RWHITENER

TREAS:RHINDLE

AID/GC:SSTEIN

AID/ASIA/SA:CHREES

EB/IFD/ODF:MCASSE

NEA/INS-DKUX

----- 098398

R 152204Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

C O N F I D E N T I A L STATE 162151

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJ: RUPEE NEGOTIATIONS

REF: NEW DELHI 8736

1. WE NOW HAVE THE MEMCONS OF YOUR JULY 19, 23, AND 26 MEETINGS ON RUPEES (PER PARA 5 REFTEL). NEGOTIATIONS SEEM WELL LAUNCHED AND WE DO NOT INTEND TO NIT PICK THEM AS YOU MOVE ALONG. WANT TO FLAG SEVERAL ITEMS IN MEMCONS, HOWEVER, THAT HAVE RAISED SOME QUERIES HERE.

2. WE ARE TROUBLED BY WHAT LOOKS LIKE AN INDIAN EFFORT OBTAIN AGREEMENT USE OF PART OF RUPEES RETAINED FOR US USE QTE FOR PURPOSES SUCH AS HELPING TO FINANCE INDIAN PLAN EXPENDITURES UNQTE (JULY 23 MEMCON). DESPITE YOUR
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IMMEDIATE INDICATION THAT THIS WOULD RAISE LEGAL PROBLEMS,

SAME IDEA APPEARS TO HAVE BEEN RAISED IN KAUL AND KRISHNASWAMI REFERENCE IN JULY 26 MEETING TO QTE ANNUAL NEGOTIATIONS REGARDING THAT PORTION (OF US USE RUPEES) THAT MIGHT BE USED FOR JOINT DEVELOPMENT PROJECTS UNQTE AND QTE GRANTS ON A MULTI-YEAR BASIS UNQTE FROM US USES FOR JOINT DEVELOPMENT CREDITS. IF INDIANS ARE TALKING ABOUT ECONOMIC DEVELOPMENT GRANTS TO THE GOI FROM THE \$1.5 BILLION EQUIVALENT PROPOSED TO BE RESERVED FOR THE US RATHER THAN, SAY, JOINT SCIENTIFIC RESEARCH PROJECTS OR CULTURAL/EDUCATIONAL EXCHANGE PROGRAMS, THEN, OF COURSE WE BELIEVE YOU SHOULD PROMPTLY EMPHASIZE THAT THERE IS NO RPT NO LEGAL AUTHORITY FOR THE USE OF NON-PL-480 RUPEES FOR SUCH GRANT WITHOUT CHARGING SUCH USE AGAINST REGULAR DOLLAR APPROPRIATION.

3. WE ARE EXAMINING THE LEGAL POSITION REGARDING THE USE OF NON-PL-480 RUPEES TO FINANCE ALL COOPERATIVE PROGRAMS IN SCIENCE AND EDUCATION AND OTHER FIELDS TO CONFIRM THAT THE FULL RANGE OF THESE PROGRAMS HITHERTO UNDERTAKEN UNDER THE AUTHORITY OF PL-480 ALONE CAN BE CONDUCTED UNDER FOREIGN ASSISTANCE ACT OR OTHER LEGISLATIVE AUTHORITY.

4. WE WOULD LIKE TO HAVE COPY OF MEMORANDUM YOU ARE SUBMITTING TO GOI ON OUR RUPEE INTENTIONS IN NEPAL. OUR INTEREST THERE, AS MEMCON OF 26TH SUGGESTS, IS IN BROADEST POSSIBLE BASIS FOR USE OF RUPEES IN SUPPORT OF AID EFFORTS. PLEASE NOTE THAT HERE AGAIN WE CAN USE NON-PL-480 RUPEES IN SUPPORT USAID ACTIVITIES IN NEPAL ONLY AGAINST DOLLAR APPROPRIATIONS. ROGERS

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